

GW Interoffice

Gulf + Western
Manufacturing Company

Redacted to remove non-responsive information

to: R. Bradley
B. Bender
R. Vujovich
N. Schoenfeld
L. Jennings - Plt. 7
R. Strich - Elco/El Segundo
[REDACTED]
E. Falberg

date: February 9, 1981

copies: E. Hirschberg
M. Bauer
E. Laginess
J. Stewart

from: M. Cherkasky

subject: HAZARDOUS WASTE MANAGEMENT PROGRAM



R00307783
RCRA RECORDS CENTER

RECEIVED

FEB 10 1981

JAY J. FRIANT

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Attached is a copy of a "Special Report" from BNA concerning:

1. Closure and Post Closure Plans
2. Financial Assurance
3. Liability Insurance

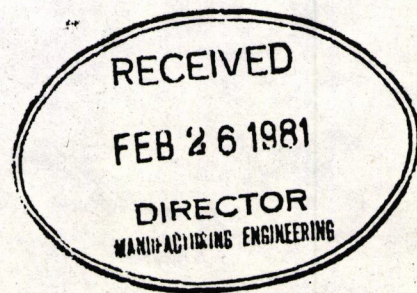
*These sites registered for
interim status as TSDFs;*

*My reading indicates that this
is for TSDFs which we
arent? Correct? → No
see aft.
Pay*

3. Eagle - Davenport

on Cherkasky

Attach: Special Report



*Mitt
2/26/81*

Planning Ahead for RCRA Deadlines

Hazardous waste facilities operating under interim status face several important deadlines in 1981. Besides writing plans — complete with cost estimates — by May 19, 1981, for closing down and monitoring facilities, owners and operators by June 13, 1981, must obtain liability insurance and must show they are financially able to carry out the closure and post-closure plans.

The requirements are part of Phase II of the Environmental Protection Agency's program to regulate hazardous waste under the Resource Conservation and Recovery Act.

Closure and Post-Closure

TSDF's

Treatment, storage, and disposal facility owners and operators must prepare written closure plans. Disposal facilities also must have plans for post-closure care. EPA specified what to include in the plans in the Phase I regulations (See Chemical Substances Control binder, beginning at p.241:1801). The Phase II regulations, however, make the following changes to the plan requirements:

- The plan must include a schedule showing the expected year of closure and the amount of time needed to close the facility and take steps leading up to closure. Previously, actual dates were required in the schedule.

- Owners and operators have 60 days to amend their plans to reflect changes in facility operations or design or the closure schedule.

- Facilities must submit closure plans to the EPA regional administrator either 180 days before the date closure is expected; 15 days after interim status ends or a compliance order is issued requiring the facility to close or stop receiving wastes; or by May 19, 1981, if the owner or operator plans to begin closure before Nov. 19, 1981. Otherwise, facilities will submit the plans as part of their Part B permit applications. See Chemical Substances Control binder, beginning at p. 241:5001, for a complete discussion of RCRA permit applications.

- EPA will solicit public comment and, in certain instances, hold public hearings on closure and post-closure plans.

EPA also issued requirements for estimating the cost of closure and post-closure activities in the Phase I regulations. (See CSC binder, beginning at p. 241:1901.)

Financial Assurance

EPA requires interim status facility owners or operators to establish financial assurance for closure or post-closure care. This can be done through a trust fund, surety bond guaranteeing a trust fund, or a letter of credit.

A facility choosing to establish a trust fund must make its first payment by June 13, 1981. The payment must equal the closure or post-closure cost estimate divided by the number of years in the "pay-in" period. The pay-in period is either 20 years or the remaining operating life of the facility, whichever is shorter.

Each subsequent annual payment is computed by subtracting the current value of the trust fund divided by the number of years remaining in the pay-in period from the estimate of closure costs.

A surety bond, among other things, must guarantee that the owner or operator of a facility will put an amount equal to the estimated closure or post-closure cost into a standby trust fund 60 days before final closure begins or 15 days after the facility is issued a RCRA compliance order or interim status ends.

The bond also must guarantee that the facility will obtain another type of financial assurance within 30 days if the surety company notifies the facility that it is canceling the bond.

Facility owners or operators who decide to obtain a letter of credit also must establish a standby trust fund. The letter of credit must be irrevocable, issued for at least a one-year period, and must cover at least the estimated cost of closure or post-closure care.

Liability Insurance

Owners or operators of treatment, storage, or disposal facilities must have liability insurance for claims that sudden or accidental occurrences during facility operations have caused personal injury or property damage.

The insurance must provide at least \$1 million of coverage per sudden occurrence, with an annual total of at least \$2 million, not including legal defense costs.

Liability for nonsudden occurrences is required only of the owner or operator of a surface impoundment, landfill, or land treatment facility accepting hazardous wastes. The insurance must provide at least \$3 million in coverage per occurrence, with an annual total of at least \$6 million, not including legal defense costs. The requirements for nonsudden liability insurance are being phased in over three years. Firms with 1980 sales in excess of \$10 million must have the insurance by January 1982. Those with 1980 sales from \$5 to \$10 million must comply by 1983. All others must comply by 1984.

A single policy covering both sudden and nonsudden occurrences must provide at least \$4 million per occurrence, with an annual total of at least \$8 million.

Some states already require financial assurance for closure and post-closure care and liability coverage. Owners or operators whose facilities are located in such states may use state-required financial mechanisms or guarantees. The state requirements, however, must equal or exceed the federal requirements.

If the state requirements are less than EPA's, the owner and operator must obtain additional financial assurance or liability coverage to make up the difference.